HUMAN EVENTS

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News Section *Printed in Two Sections*

MACMILLAN: *Pied piper of appeasement?*..(page 1)
FOREIGN AID: *It helps pro-Communists*....(page 2)
HOUSING: *Spenders' gimmick exposed*.....(page 3)
ECONOMY: *More on Washington state*.....(page 3)
Sound Dollar Committee formed.....(page 4)

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Prelude to Another Munich? Unless the President again takes the tough posture he showed during recent press conferences, the United States will go to another summit conference with the wily and arrogant Khrushchev. The strong course Ike has followed since the catastrophic failure of the 1955 Geneva summit meeting has been sharply compromised in the past week or ten days—such is the opinion of Diplomatic Row in Washington.

Veteran observers of foreign affairs close ranks in taking such a dim view. The dean of diplomatic correspondents in the Capital, Constantine Brown of the Washington *Evening Star*, sees in the international exchange a victory for Khrushchev—for, he says (March 18), Mr. K's principal objective for the past two years has been to get us to a summit conference. At such a meeting, says Brown, "international communism expects to wrench more concessions from the free world than it could by a risky military aggression."

Khrushchev synchronized his March 19 "peace" statement with the arrival of Premier Macmillan in Washington. Since appeasement is hated by all Americans, the Briton, according to Brown, has confected the innocuous expression "suitable grounds for negotiations." If that approach fails, he may resort to another, even more indirect, to wangle US summit participation.

One motive behind the British appeasement line is suggested by the foreign diplomatic colony in Washington. According to their intelligence reports, Macmillan at Moscow was rewarded with a "juicy" Anglo-Russian trade agreement.

The veteran diplomatic correspondent of the authoritative Baltimore *Sun*, Paul W. Ward, reports (March 19) that "abetted by Premier Harold Macmillan's inclination toward summit talks, Khrushchev is rapidly cracking the United States Government's standard defenses against such an East-West conference." Ward says that apparently "the Soviet Premier is about to get the kind of meeting with Eisenhower he has been demanding" and "for a far lower price than [the Kremlin] paid for the last summit conference, held at Geneva in 1955." Before Geneva, Moscow caved in and gave Austria a peace treaty, much desired by Western powers. Today, Khrushchev gives nothing but "soap and swagger."

Ward further says that "the US Government seems to be lessening day after day the resistance it has hitherto put up" against a summit meeting. For instance, it has dropped its demand for an ambassadorial conference as the first check on Soviet diplomacy. Today, the second line of defense—the foreign minister meeting—is "crumbling," says Ward, "reduced to a mere formality." Ike in his TV speech did not "make a subsequent summit conference clearly contingent on the [foreign minister] meeting's outcome, as he had done in the past."

On Capitol Hill, pondering such facts, legislators—Republican and Democratic—look to the President to repeat his recent dismissal of what he called Khrushchev's "wisecracks," and avoid what could prove an even more disastrous top-level meeting than that which occurred at Geneva four years ago.

Conservatives take inspiration particularly from the words spoken last week by Senator John Marshall Butler (R.-Md.). "I am abashed," Butler said, "at Mr. Macmillan's talk of negotiation and concession since his conferences in Russia. . . . President Eisenhower has called for 'no surrender' . . . There is no such word as retreat."

Macmillan's recent words, Butler added, sounded like Neville Chamberlain's post-Munich vision of "peace in our time." He concluded: "Don't be deceived by the word disengagement. This is a definition for retreat."

Divided Democrats: You won't hear anything about it from "liberal" columnists writing under Washington datelines, but the recent Democratic pow-wow in Milwaukee cast an ominous shadow over the intraparty doings of the Democrats as they prepare for 1960. Capitol Hill, however, perceives in the Midwest Democratic meeting the makings of lots of trouble for the donkey in the coming year and a half.

And the trouble may not be confined to the obvious split between Southern and Northern Democrats; it may cause havoc within the ranks of Democrats in the North.

What happened in Milwaukee was that far left Senator Hubert Humphrey received the blessing of labor chief Walter Reuther, and from now on will battle front-running Senator John F. Kennedy for the Presidential nomination. Wisconsin will be one of the first primaries in 1960, and on its outcome may hinge the fate of the contenders.

As the "liberal" pundits describe it, the fixing of the first big primary battle among Democrats simply signifies a nice, amiable, brotherly contest between members of the same club. At its conclusion and at the end of the national convention, harmony will reign and inevitable victory in November will follow.

The history of politics—point out sages on Capitol Hill—does not bear this out. When a contest "heats up," things are said and feuds are started that can carry into the general election. The Wisconsin affair already sug-

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gests that political blood pressures may not remain normal.

Reuther blocked Kennedy from the Vice Presidential spot at the Democratic convention in 1956. He now seems similarly intent on blocking Kennedy's aspirations toward 1960. Reuther is the symbol, in the national scene, of labor boss power—an insignia of which is the goon-squad terror. Already, Senator Kennedy's brother, Robert Kennedy (McClellan's assistant in his labor probe), has been threatened by the goons; he says that threats have been made to throw acid on his children. Labor boss power is going to be an issue in the 1960 election.

Also, Senator Kennedy is a Catholic. In Massachusetts, that's an asset. But not in Wisconsin. Unsuccessful Republican Senatorial candidate Roland Steinle, a Catholic, suffered from a campaign of bigotry in last November's election. If Kennedy should be defeated in the Wisconsin primary, many Catholic voters, who are Democrats, may nurse ill feelings which would last beyond the following November. Wisconsin may prove a projection of the Democratic picture on a national scale. And, if tempers rise, it is not so certain that fences can be mended by throwing the second place to a Catholic.

Additional fuel to the fire may be the fact that Senator Humphrey is now often called "Moscow's candidate." When Khrushchev granted him an interview the Red boss lifted Humphrey from obscurity and gave him political "visibility" as a contender for the Democratic crown in 1960.

So much for the Democratic "basket of crabs." What is widely overlooked in press comment on the whole affair is that the Democrats have awarded the conservative Republicans in this same key Wisconsin primary a distinct advantage.

Wisconsin primaries are "open"—that is, they are not limited to registered members of one party. Democrats can and do cross into the GOP primary; Republicans can and do cross into the Democratic primary. But that does not happen when there's a hot contest within a party.

Thus, next year in Wisconsin, no hordes of labor-union Democrats will cross into the GOP primary; they'll be more interested to vote in the controversial Democratic contest. If Rockefeller is running in the GOP primary, such elements will not vote in the GOP primary and help him. Hence, Nixon's stock—already strong in Wisconsin—stands a good chance of staying high.

Foreign Aid: Left-wingers trying to promote increased foreign aid appropriations have suddenly warmed up to some of America's staunch anti-Communist allies abroad.

Now that appropriations time has come around, the "liberals" have good words to say about Free China and South Korea—two nations for which they care little during the rest of the year. For example, the Washington *Post* asked this week whether foreign aid critics thought "that freedom could endure long in Southeast Asia if Formosa, South Korea and other struggling free nations on the borders of Communist China were thrown back on their own resources."

This characterization of our foreign aid program—using a few legitimate aid recipients as a justification for the entire vast program—was similar to that made by President Eisenhower, in remarks which provoked the following comment from the *Wall Street Journal*:

"There is something to be said, from the view of realism, about foreign aid for those countries mentioned by the President as supplying bases for military forces, for weapons and for early warning facilities. But what is to be said for all the vast foreign aid that has gone to neutralist countries in the hope that they will come over to our side?"

This question takes on all the greater significance in view of the way US aid is allocated. At press time, the exact apportionment of our aid funds is one of Washington's best-kept secrets. HUMAN EVENTS staffers, however, have unearthed some ICA documents which prove that the "anti-Communist" aid argument is a phony. ICA's own figures for "Distribution of FY 1960 Program," in the category of "Technical Cooperation" (only one of the many varieties of aid) disclose the following:

In the "Far East" area, pro-Communist Indonesia receives exactly as much aid as does anti-Communist South Korea, almost three times as much as Free China. In the "Near East and South Asia" area, by far the largest beneficiary is Moscow-lining India—which receives well over twice as much aid as does Turkey, a bastion of anti-communism. And, in Europe, Communist Yugoslavia is the largest recipient, netting half again as much aid as anti-Communist Spain.

● A searching view of the US program was offered last week by the Citizens Foreign Aid Committee, a nonpartisan group recently formed to study and report on the progress of our foreign aid program. Recommending a $2 billion cut in aid, the committee said that assistance should go to anti-Communist allies threatened by the Reds, but that neutralists and assorted free loaders should be cut off forthwith (for excerpts from this important report, see "Foreign Aid and You," in the Article Section of this issue).

Irish Bases: Senator Styles Bridges (R.-N.H.) celebrated St. Patrick's day last week by suggesting that Irish-American relations be strengthened with an agreement to establish US military bases in Ireland. "This is something," remarked this powerful GOP leader, "which I would like to see taken up with President O'Kelly during his visit to the US."

Bridges indicated he had some reason to think the suggestion of American bases would be welcomed by the Irish people and Government. Britain—he conceded—might not favor such an arrangement. Thereby hangs a tale.

The Bridges statement was by no means the usual amiable platitude common to American politicians on St. Patrick's Day. It can be disclosed that there has been no little private discussion in some Government circles about the permanency of our bases in England. So long as Premier Macmillan or some other Tory remains in power, US military men have little to fear;

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a Conservative Government would not ask the US to pack up its missiles and bombers and leave.

However, if left-wing Laborites Hugh Gaitskell and Aneurin Bevan should win power in a general election, the situation might prove quite different. Whereas Macmillan goes through an appeasement act to conciliate a substantial pacifistic and left-wing element in England, in an effort to win a general election, Bevan—it is believed—might adopt a drastic policy to appease Soviet Russia, if he advanced to the Foreign Secretaryship or, as some fear, to the Prime Minister's spot.

In that event, a bases agreement with Dublin might prove an ace in the hole for the US. Such an agreement, of course, could not be part of the North Atlantic Treaty Organization (NATO), to which Eire does not belong. But, Diplomatic Row points out, neither does Spain belong to NATO; yet this country at the present time constitutes our best military base—for planes, missiles and naval vessels—in Western Europe. Besides, the Eire Government would presumably prefer to have a direct agreement with Washington, rather than with an international group of which Britain is a powerful member. Finally, it is pointed out that Ireland is not afflicted by the left-wing pacifism which reigns in England.

Reutherland Saga: A new measure of bankruptcy in Michigan—America's socialist wonderland—was forthcoming last week, when a Wolverine State legislator proposed that school districts and state colleges begin printing scrip to pay teachers and suppliers. The scrip would be redeemed at a later date, when the Michigan authorities could scrape up the money.

This desperation measure—an expedient usually associated with the deepest years of the Depression—would carry overtones of utter financial collapse. As *The Detroit Free Press* observed last week: "Scrip, if it is to be issued to pay off school teachers, is going to be familiar flashback money to a lot of folks who remember 1933-34. The flashback, in both money and memory, probably won't be a happy one.

"With the mention of scrip comes flooding back the memory of the street-corner 'apple men,' closed banks, and 'Brother, can you spare a dime?'"

● In Washington, the *Daily News* had this comment on Michigan's plunge to insolvency: "How Michigan, with its fertile farms and heavy industry, got into this fix is simple arithmetic. The state spent more than it took in, and kept on spending more and more. In ten years, it has almost doubled its spending. Even now, Governor Soapy Williams has submitted a budget $44 million above last year's."

Tax Revolt: Advices to HUMAN EVENTS from tax revolt leaders in the state of Washington indicate that economy sentiment there is growing, perhaps spreading to national proportions.

Two of the leaders, Mrs. Harry Trimble and Mrs. Joseph Sebren, stated in a circular last week: "For the first time in our state's history the voice of the majority has been heard in Olympia. Due to the tax revolt, we are more aware than ever that organized minorities have been raiding our state's treasury for tax funds for everything from padded payrolls to boondoggling projects. . . .

"The revolt must go on state-wide, but let's also carry it to the national level where billions are involved!

"Here are some things you can do: 1. Get a petition, sign it, have others sign it, and mail to your US Congressmen . . . 2. Flood your US Senators and Congressmen with letters telling them to hold the line on taxes. . . . 3. Write a letter to the editor of your newspaper, expressing your views. 4. Get the facts and talk to friends, neighbors, and relatives."

And, they add: "Soon after this session of the legislature closes, we shall show you the voting record of the 'tax-raisers.'"

● Rumblings of a similar tax uprising emanate from Plymouth Meeting, Pennsylvania, where an organization known as Alerted Americans, headed by Mrs. Philip Corson, is conducting an intensive drive to mobilize anti-inflation sentiment. One device being used by this group is to run newspaper ads consisting of petitions to the President, supporting his stand on behalf of fiscal integrity, and urging him to crack down on wasteful spending. Readers of the ad are invited to sign their names and send it along to the White House.

A major metropolitan daily is looking for a conservative-minded editorial director. If interested, write Box MJT, HUMAN EVENTS, 408 First St., SE, Washington 3, D. C.

The Housing Swindle: A deceptive device for burdening the taxpayer with big Federal spending has come under fire from conservatives in the House. Representatives Gordon McDonough (R.-Calif.), Bruce Alger (R.-Tex.) and A. S. Herlong (D.-Fla.) have introduced legislation designed to stop tax exemption for future issues of "local" public housing bonds—which are in fact not local but Federal obligations. Federal securities by law are not permitted tax exemption; but these housing bonds, by virtue of being called "local," have been tax-exempt.

The three legislators seek not only to close a tax loophole which has permitted enormous "windfalls for the wealthy," but also to bring to an end the unfair competitive advantage these bonds enjoy in the securities market. As Representative Herlong points out, a purchaser of Public Housing bonds yielding 3.4 per cent —assuming he is in the $50,000 to $100,000 bracket— may receive the equivalent of a taxable return of from 14 to 26 per cent. These bonds, secured by the full faith of the Federal Government, are more attractive than municipals, also tax-exempt, backed only by the full faith of a city.

Long ago, in the Depression of the Thirties, the bureaucrats saw that if public housing was to make strides, Federal backing would have to do the job; but the projects would have to be locally administered and at least appear to be local enterprise. The Public Housing zealots came up with the Public Housing bonds device, backed 100 per cent—if necessary—by Federal annual contributions, over a 40-year period. Tax exemption was granted in order to attract capital.

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This housing practice has another bad feature. In 1949, Raymond M. Foley, himself a housing official, pointed out: "The very investors who find these securities attractive as tax-exempt riskless investments are best able to supply the venture capital needed by business enterprise. Thus it makes it more difficult for new or expanding business enterprises to obtain necessary venture capital."

Labor Front: The right-to-work law is still on the books in the state of Indiana. A bill to repeal it died in the Senate when the Indiana General Assembly adjourned recently.

The repealer had previously been passed in the Democratic-controlled House, and had passed one Senate test, when a handful of Republicans deserted their party's efforts to defeat the bill. However, the latter vote was recalled when the Democrats reneged on a deal concocted with the GOP "mavericks" to produce a labor reform measure at the same time.

In congratulating the Senate on its final stand against the repealer, Governor Harold W. Handley stated: "I believe that the freedom of the individual—the dignity of a person regardless of his power, wealth, or position—transcends that of any well-knit group or organizations."

Reds in Latin America: An American newspaper editor lashed out sharply last week at the American Society of Newspaper Editors' invitation to Cuban dictator Fidel Castro, asking him to speak at an ASNE conclave next month. The invitation, said Charles Lewin, editor of the *New Bedford* (Mass.) *Standard Times,* is an insult to American editors, and offers an occasion for the broadcast of "Castro propaganda to the people of the United States." Never before, he said, had the ASNE offered such an honor to "a dictator who has ordered mass lynchings after fake trials."

● The Bolivia riots against America last month were Communist-inspired—so reports a special correspondent of *The Indianapolis Star.* According to this dispatch, the outburst, supposedly over a quotation in *Time* magazine, was in reality brewed up by Reds and extreme anti-capitalist Bolivian nationalists. Pinpointed as the key man in Bolivian anti-Americanism: foreign minister Victor Andrade, former project director for a Nelson Rockefeller enterprise in Ecuador.

The Star reports one crucial fact concerning the rioting in Bolivia: "*Time,* on sale at newsstands throughout the other 19 Latin-American republics, is obtainable only through the mails in Bolivia. Thus, news of the 'insulting' article had to be spread by subscribers interested in stirring up trouble."

Political Action: Last week saw the launching of a new course of political action aimed at combatting inflation and insuring an honest dollar. In a recent full-page advertisement in the *Wall Street Journal,* an organization called The Sound Dollar Committee urged citizens to put pressure on members of Congress, state and local legislators, as well as Governors, to hew to an economy line in their voting. The appeal is *ad hominem*: "Remember: Lawmakers are human. They want to do what is right. But if you don't tell them what you want, the blame is on you—they will continue to play politics with your money."

The ad leads off with a quotation from Senator Harry Byrd: "I feel certain that the great majority of the people want the integrity of our money protected . . . if this is what we want, we must have a national crusade from the grass roots." (Recently, a White House spokesman remarked that such a campaign would be "highly desirable and effective.")

To spread such a crusade, the Committee expects that its ad will be reproduced in many other papers if people respond with contributions. The target: ads in 500 newspapers from coast to coast.

The Sound Dollar Committee (500 Fifth Avenue, New York 36, N.Y.) is a bi-partisan body including James P. Selvage, advertising executive, formerly publicity director of the Republican National Committee; Dean Alfange, lawyer, prominent figure in the Democratic party in New York state; banker Morton Bodfish of Chicago; General Albert C. Wedemeyer, Boyds, Md.; General Leslie R. Groves, Vice President of Remington Rand Company; David F. Maxwell, past President of the American Bar Association.

Education: In the vanguard of the private school movement in the South is the Indian Springs School, near Helena, Alabama. Admission to the school is severely restricted—with four out of five applicants being rejected. The average IQ of its students is 140.

The curriculum of the school stresses history, English, mathematics, sciences and foreign languages. Also emphasized are music, literature and the arts. In short, the curriculum is one which foes of "progressivism" have long been advocating as the answer to US educational ills.

In the wake of the integration crisis, this Alabama private school may well prove to be—in the words of *The New York Times*—a prototype for "the high school of the future."

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Article Section *Printed in Two Sections*

Foreign Aid and You

A Report on America's Giveaway Program

The following article consists of excerpts from a report on America's foreign aid program, published recently by the Citizens Foreign Aid Committee (Suite 335, 1001 Connecticut Ave. NW, Washington 6, D.C.), headed by industrialist Walter Harnischfeger.

TO REHABILITATE the war-torn countries in Europe our government launched the $13.5 billion Marshall Plan. This was superseded by the present mutual security program which extends foreign aid to more than 70 countries. In the process of this expansion, the North Atlantic Treaty Organization (NATO) was created to strengthen Western Europe against the Red threat from the East.

Current fiscal appropriations for foreign aid are authorized under the Mutual Security Act, Public Law 853, 85th Congress. As part of foreign aid Public Law 480, 83rd Congress, authorizes disposal of agricultural surplus commodities.

Foreign aid is divided into two major classifications: *military assistance* and *economic aid.*

Military assistance includes: military hardware, military training, offshore procurement, (military material bought in foreign countries), special weapons development in Allied countries.

Economic aid includes: grants in aid (cash or commodities), Point IV (technical assistance), contributions to the United Nations, surplus agricultural products, development loans, President's special assistance and contingency fund.

This varied and complex foreign aid program has now become an instrument of foreign policy. As such it *should* have one purpose only—to "provide for the common defense," and "promote the general welfare" of the United States. When foreign aid impedes our welfare, the Congress has no lawful power to appropriate.

In 1948 some 450 people were employed to administer and distribute foreign economic aid. Ten years and $41 billion later this staff has grown to 12,000 directing 2,000 projects. In addition, some 9,000 persons are engaged in the military assistance program which has totaled $23 billion. As of December 31, 1958, there was a total of $6.6 billion in unexpended foreign aid funds.

* * *

Proponents of foreign aid argue that it offers the best means of avoiding war. They remind us that since NATO came into being the Soviets have not taken one square foot of Western Europe.

Whether or not the Soviets, with their 175 regular divisions and the world's largest air force, intended to occupy Western Europe is not known. Obviously Western Europe's 21 NATO division defense, with insufficient air support, is not an effective war deterrent. If the Soviets ever entertained invasion plans, one weapon *alone* has deterred them: the U. S. Strategic Air Command (SAC).

Meanwhile Western Europe, more prosperous than before World War II, is not carrying its proportionate share of the NATO defense effort. But we are carrying far more than our share. We have stationed 5 American divisions and some tactical air units in Europe. These forces spend and require substantial sums for their support and maintenance. This is not foreign aid money but it supplements foreign aid in that it places more American dollars at the disposal of foreign governments.

* * *

One of the main benefits claimed for foreign aid is that it helps prevent the growth of communism. Actually, it has tended to *promote* philosophies akin to communism.

The Marshall Plan greatly assisted Britain's recovery from war's devastation. But the fact that Britain instituted and carried out her industrial nationalization program at the very time that our foreign aid funds were being received is more than mere coincidence. The $7 billion foreign aid which we have contributed to Britain's economic program, directly or indirectly, has helped to nationalize the Bank of England, and the gas, electric, railway, canals and coal mining enterprises of the United Kingdom. Our dollars also have assisted Britain to adopt socialized medicine. Thus, Britain has taken a long stride toward total socialism. Through *too much* foreign aid, *too long* continued, we have done Britain, our ally, a great disservice.

NATIONALIZATION OF INDUSTRY and state capitalism have been fostered in countries receiving our funds. Our dollars and credits have gone mostly to foreign governments and provided the means to start state enterprises or to take over privately owned businesses. In many cases, as a condition upon which we granted foreign aid, we have encouraged the recipient governments to move into industrial operations with programs similar to the Soviet Seven-Year Plan. In so doing, our *foreign aid is helping to establish the very system of state slavery we set out to combat.*

American-financed nationalization does more than merely put a foreign government in business. It serves to destroy the free enterprise of the recipient country. Nationalization both here and abroad reduces the tax base and therefore raises taxes for others. Government business is subsidized by our continuing foreign aid; most free enterprises do

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not enjoy such subsidy. For the free enterprises which survive our aid, there is always the threat of expropriation.

The argument is advanced that by raising living standards foreign aid prevents the spread of communism. It is a mistaken idea, however, that communism breeds on poverty. There is no proof that a high standard of living is the enemy of communism.

All of the Eastern European countries, except Czechoslovakia, have always been relatively poor. Czechoslovakia, however, has long been among the most prosperous countries of Europe. Yet Czechoslovakia, through political intrigue, went Communist.

[Similiarly,] Communists are strongest in Italy and France. In Italy the Communists are stronger in the prosperous northern industrial areas, while in Southern Italy, where the people are poorer, the conservatives have built a stronghold. In France the Communists are stronger in the prosperous cities; they are weaker in the poorer rural areas.

In Ireland, among the least wealthy countries of Western Europe, the Communists have made little headway.

In India, which has received substantial aid, between 1952 and 1957 the Communists increased their vote from 4,000,000 to 12,000,000. Today the Communist party is the second largest in the Indian Parliament and actually controls the government in the State of Kerala.

Many Americans will be astonished to learn that strong encouragement for foreign aid originally came from Joseph Stalin. His "Marxism And The National Colonial Question," pages 115-116, reads in part:

"It is essential that the advanced countries should render aid—real and prolonged aid—to the backward nationalities in their cultural and economic development. Otherwise, it will be impossible to bring about the peaceful co-existence of the various nations and peoples—within a single economic system—that is so essential for the final triumph of Socialism."

* * *

In a recent speech Mr. William McChesney Martin, Chairman of the Federal Reserve Board, said:

"One distressing experience (during a recent trip abroad) was to find among intelligent and perceptive men in those countries a growing distrust over the future of the American dollar."

At home, this growing loss of confidence in the dollar is evidenced by the current flight of gold from U. S. ownership. Foreign governments and banks with dollar credits in the U. S. can demand and receive payment in gold. But our government will not redeem in gold dollar credits owned by U. S. citizens.

Foreign governments, partially with the aid of credits made available to them through our foreign aid, have been salting away American gold, or piling up dollar balances in our American banks. In addition, individual foreigners, again with the help of our foreign aid, have become heavy investors in American securities. It is estimated that there are about a billion in market value of United States securities held abroad. This could all be converted into foreign central bank demands on our gold stock.

At the beginning of 1958 our gold reserve amounted to $22.9 billion. During 1958 alone, $2.26 billion in gold has been taken from us by foreign countries. Should this loss of confidence in the dollar continue, the gold outflow could collapse our currency.

Since 1950 dollar deposits in this country by foreign governmental agencies have increased from $3.9 billion to $8.7 billion. In addition, foreign individuals and foreign banks now have dollar deposits in our banks of $5.8 billion. This total of $14.5 billion in foreign holdings is convertible into gold upon demand of the holders. In other words, *70 per cent of our gold reserve is subject to foreign demand.*

* * *

● The Federal budget of the United States has been balanced only five times in the last 27 years. The Federal debt is now $283 billion. This crushing American debt, borne by only 6 per cent of the world's population, is greater than the combined national debts of all other countries in the world.

More than a fourth of our Federal debt has resulted from budget deficits caused by our foreign aid programs. Annual interest on the aid portion of our debt is about $2 billion. This interest, together with foreign aid appropriations, totals some $7 billion annually. Thus our past and present foreign aid programs are consuming the equivalent of 20 per cent of our personal income tax collections.

● It has been reported that a major portion of foreign aid money is spent within the United States and thereby strengthens our economy. Doubtless government contracts for foreign aid materials have brought profits to U. S. corporations and may have influenced them and their workers to support foreign aid. However, when the manufacturer's product is given away, rather than strengthening our economy, it siphons off our wealth.

● It is alleged that foreign aid is responsible for the employment of 600,000 American workmen. This claim ignores the fact that American workmen are already suffering from unemployment resulting from foreign aid grants to competitive industries abroad. Moreover, the International Cooperation Administration (ICA) purchases frequently discriminate against American production. For example, in 1957, our ICA textile expenditure was $96.3 million, of which only $7.2 million was spent for American textile products.

ADMINISTRATION PROPAGANDA seeks to minimize the impact of our foreign aid burden by emphasizing that it is a mere one per cent of our gross national product. What this propaganda does not tell is that foreign aid facilitates the flight of gold from U. S. control and consumes the equivalent of 20 per cent of our personal income tax.

The Administration is eager to keep foreign aid and all foreign policy strictly on a bi-partisan basis in the Congress. In the last three Presidential campaigns, candidates of both major parties carefully avoided making foreign aid an issue. As a consequence, taxpayers in our Republic have never had an opportunity to express themselves on foreign aid at the polls.

The impact of our foreign aid on the economy of nearly all of the recipient countries is likewise

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inflationary and damaging. Many times foreign aid has financed new producing and manufacturing facilities without coordinating secondary industries and markets. This has resulted in dislocation and the need for further gifts. With the exception of Germany, every country receiving our foreign aid in the past 10 years has found that its currency is softer than before the aid was given.

The initial aid which the United States extended to countries devastated by World War II unquestionably accelerated their recovery. However, it is utterly impossible for the American taxpayer to transfuse the economy of the free world with a new money blood stream, except temporarily. The recipient country begins to live on the transfusion; its economy becomes geared to an income which it cannot, by itself, sustain.

The time has arrived when free world countries must help themselves. They must establish sound, enduring economies of their own lest they perish, the victim of predatory socialistic forces. For us to continue foreign aid is a disservice to the recipients. The longer this aid is extended, the longer will be their delay in establishing self-sufficiency.

* * *

The field supervision of 2,000 economic aid projects scattered about the globe is a prodigious undertaking. It involves the allocation of large quantities of grant aid (money); it involves engineering and technical assistance. Qualified specialists to manage and operate so many foreign projects of widely varying nature are impossible to obtain.

On the planning and policy level in the ICA and the Department of State, the practical experience of the personnel has not qualified them to manage what is actually the largest engineering, supplying and banking operation in the world. Men who would be able to handle such jobs enjoy good positions in private enterprise and are unwilling to serve under the direction of Federal bureaucrats.

In the past decade the agency administering economic aid has had its name changed several times, quite possibly in the hope that the American people would forget its past record. During that time, the economic aid agency has had *eight* directors. No director has held office for more than 2½ years and one served only a few months.

This rapid turnover results in the directors' becoming captives of what is now recognized as a self-perpetuating bureaucracy. It operates on the principle that no matter how wastefully money is spent, if enough is spent it will do some good. This lack of competent personnel has resulted in innumerable instances of waste running into many billions of dollars.

A few among numerous examples will illustrate:

● *A total of $3 billion foreign aid funds has been granted to foreign powers to help reduce their national debts and to balance their budgets. To extend this aid, we ironically had to borrow the money.*

● There are instances of US Government checks having been turned over to foreign officials for budget support with no record of how the money was spent.

● *Foreign aid has given more than $2 billion to governments that are hostile to the United States. This includes the Soviet Union, Yugoslavia, and Poland.*

● To build an American exhibit in Moscow to be completed in July 1959, $3.2 million foreign aid has been authorized.

● *Last year India received $325 million in foreign aid. A substantial part of this aid was given to support India's second five year plan. Our dollar credits enabled the Indian government to purchase equipment with limited Indian commitments to buy American goods.*

Point IV was originally established to export American "know-how" to the underdeveloped countries. Instead, Point IV has become inextricably involved with industrial development, lush engineering contracts and surveys that have no relationship to the original purpose.

● *From an official report on foreign aid to oil rich Iran: the "United States aid and technical asistance programs in Iran which, between 1951 and 1956, totaled a quarter billion dollars, were administered in a loose, slipshod and unbusinesslike manner . . . it is now impossible—with any accuracy—to tell what became of these funds."*

The Development Loan Fund is a new foreign aid device for extending development assistance to foreign countries. It will make what amounts to second mortgage loans and accept soft local currencies in payment for loans in dollars. The Development Loan Fund also lends money to assist American business in the establishment of overseas factories.

The ICA will provide insurance coverage on private overseas investments against certain exchange losses and expropriation and other risks. Thus, American taxpayers' dollars subsidize overseas factories, the products of which compete with those of our American workmen.

The Fairless Committee, which was appointed by the President in 1957 to evaluate the foreign aid program, adversely criticized the concept of the Development Loan Fund and soft currency loans.

No comprehensive and independent audit of foreign aid expenditures seems ever to have been instituted.

THE CONGRESS VOTES foreign aid appropriations; the Executive Branch of the government handles the apportionment and disbursement of funds. Once funds are in the hands of our Executive Branch it appears that the Congress exercises almost no control over management, expenditures and projects.

The Congress has a responsibility to its tax-paying constituents. It should assert control over expenditures of foreign aid appropriations. It should make its appropriations more specific. It should further limit the power of the Executive to effect the transfer of foreign aid funds. Too much flexibility amounts to writing a blank check.

The Congress should create a bi-partisan Congressional Committee or Hoover-type Commission with sufficient funds to conduct a thorough investigation of foreign aid. This should include a check on the programming and expenditures for foreign aid projects and should continue until all foreign aid is terminated.

* * *

A large part of foreign aid support in the United States stems from some of our religious leaders.

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Good Samaritans that they are, they associate foreign aid with the religious obligation of individuals to help others. It is a moral act for a person to make a voluntary contribution of money or effort to help another person. By extending aid religious leaders seek to kindle an *inner* light in those to whom help is given.

This is, of course, in accordance with the Christian concept that reform of societies is a revolutionary process which starts by a *change of heart from within the individual. However, this Christian teaching is the direct opposite of the Marxist theory, which our governmental concept of foreign aid parallels.*

Marx held that societies are changed from *without* and that individuals change, not from within, but rather in accordance with their external environment through things material.

Our foreign aid program, curiously for a Christian people, follows the Marxist teaching. Foreign aid is expressed in terms of money, production, and materialism. The money for foreign aid is not a gift from our people to foreign peoples. *Foreign aid is money extracted from the American people by confiscatory income taxes and then bestowed by our governmental bureaucrats upon a foreign government to do with it as it pleases.*

Missionaries serving in countries receiving foreign aid report grave concern about the adverse effect of our aid among the people with whom they work. One is compelled to conclude that our religious leaders endorse governmental foreign aid only because its materialistic motivation has not yet been disclosed to them.

In the recipient countries, our foreign aid program results in confusion, misunderstanding and sometimes chaos. *After nearly 15 years of foreign aid we are probably the most disliked nation in the world!*

There is also a human principle which strongly influences the reaction of recipients to our foreign aid program. If one country is made a recipient, how can aid to others be denied? If one recipient is granted more than others, all recipients then clamor for more. The war-devastated Philippines, our trusted wartime ally, is now understandably in turmoil for the reason that others less deserving are higher on our foreign aid totem pole.

Our Congressmen know that, so long as they dissipate billions of dollars overseas, to be re-elected they must also continue expensive domestic benefits. Foreign aid is a street without end—unless the street is barricaded. If long continued, it will result in an ever-expanding bureaucracy of careerists dedicated to passing out American taxpayers' dollars all over the globe.

* * *

From the foregoing, the following facts are inescapable:

1. *That our government intends that foreign aid shall be continuous and global.*

2. That the threat of Communist aggression rules out our continuing to dispense lavish foreign aid when our own economy is threatened and our defenses are inadequate.

3. *That in a number of recipient countries our foreign aid helps to strengthen political systems hostile to our own.*

4. That our foreign aid speeds rather than retards the growth of communism; it inflates our economy; it is partially responsible for the alarming flight of gold from our control; it is destroying our foreign markets and increasing unemployment among American workers.

5. *That by the very nature of the foreign aid we extend it* must be *inefficient and wasteful.*

6. That our governmental foreign aid program is unsound in principle.

To remedy these conditions we recommend the following:

1. *That our traditional generous private charity and governmental grants to relieve disaster be continued; that we encourage the expansion of our private missionary efforts.*

2. That in countries which we are morally obligated to defend and which are directly threatened with Red aggression, military assistance—for the time being—should be continued on a realistic basis.

3. *That foreign aid which directly or indirectly promotes Governments that are hostile to our Constitutional concepts of government be terminated immediately.*

4. That so long as *governmental* foreign aid is continued the recipient should pay a part of the cost of the proposed project; that our aid should terminate when the conditions on which that request is based have been remedied; that *private* technical, scientific and educational assistance be extended only to friendly peoples who seek our aid on a cash or loan basis.

5. *That until foreign aid is terminated, the Congress take steps properly to exercise close supervision and control over the manner in which all foreign aid funds are being spent; that all future economic aid, plus what can be salvaged from unexpended foreign aid funds, be diverted to and handled by the Export-Import Bank.*

6. That the $3.9 billion requested by the President for the fiscal year 1960 be reduced [by] $2 billion, and that each year thereafter foreign aid be substantially reduced until terminated within three years.

The Citizens Foreign Aid Committee, headed by Walter Harnischfeger, is a private group established to evaluate America's program of aid to foreign countries. Members of the Committee include T. Coleman Andrews, Spruille Braden, Guy Gabrielson, Clarence Budington Kelland, J. Bracken Lee, Clarence Manion, Brig. Gen. Bonner Fellers, and 30 other distinguished Americans (see HUMAN EVENTS for February 18, 1959).

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